

COMMISSION FOR HIGHER EDUCATION

Friday, February 14, 2003

DECISION ITEM B-1:

Construction of Student Housing Residence Building Number Four at the University of Southern Indiana

Staff Recommendation

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee of the project *Construction of Student Housing Residence Building Number Four at the University of Southern Indiana*, as described in the project description and staff analysis dated January 24, 2003.

Background

By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$200,000/year, regardless of the source of funding.

The Trustees of the University of Southern Indiana request authorization to proceed with the construction and financing of a 220-bed student residence facility to be completed by July 2004. The total cost is \$7,500,000, to be financed with bonds funded through student rental fees. The project would increase the total on-campus housing capacity to 2,947 beds.

In March 1998, the Commission indicated its likely support for future USI student housing projects provided that the number of total on-campus beds does not exceed 55 beds per 100 annual full-time-equivalent students from USI's eleven-county Primary Service Area. That policy was reaffirmed in December 1999 when the Commission recommended approval of USI's request for authorization to construct an additional 228-bed project.

Following completion of this project, the available beds will yield an estimated 54.4 beds per 100 FTE students from USI's eleven-county primary service area.

Supporting Document

Construction of Student Housing Residence Building Number Four at the University of Southern Indiana: Project Description and Staff Analysis, January 24, 2003

CONSTRUCTION OF STUDENT HOUSING RESIDENCE NUMBER FOUR AT THE UNIVERSITY OF SOUTHERN INDIANA

January 24, 2003

Project Description and Staff Analysis*

PROJECT SUMMARY

The University of Southern Indiana requests authorization to construct one 64-unit student residence building to house 220 students. While the gross capacity will be 232, the usable beds, or functional capacity, will be 220. The facility will include 52 two-bedroom apartments and 12 one-bedroom apartments. The suite-style facility primarily will house freshmen students and will be located in a wooded area south of O'Bannon Hall. The availability of student housing has had a positive effect on the number of students enrolling in postsecondary education at the University of Southern Indiana. The construction of the student residence building is needed to accommodate the increased number of students who need affordable student housing and who live too far from campus to commute.

PROJECT DESCRIPTION

The University of Southern Indiana proposes to construct a 64-unit student residence building with a combination of one and two-bedroom apartments. The residence building, with 52 two-bedroom apartments and 12 one-bedroom apartments, will accommodate 220 students and will be located in a wooded area immediately south of O'Bannon Hall. While the gross capacity will be 232, the usable beds, or functional capacity, will be 220. The proposed facility will use the same design as USI's third student residence building, O'Bannon Hall, which was constructed in 2001.

The four-story building will include a central entrance with interior corridors, a centrally located lounge and reception area, a computer laboratory on each floor, a laundry facility, and a multipurpose room on the main level. The two-bedroom units with two bathrooms will accommodate four students and the single units with one bathroom will accommodate two students. The lower level will accommodate ten two-bedroom suites on the east side of the central corridor with windows that face the wooded hillside and a new lake that will be constructed as part of this project. The west side of the lower level will be unfinished space that can be used for storage, meeting rooms, recreation space or other functions. The total square footage of a two-bedroom unit is approximately 725 square feet with approximately 530 square feet in the one-bedroom unit. Each apartment will include a kitchenette, a common living area for the residents, and technological enhancements for computer networking.

The construction of the building will be a combination of wood framing, masonry block walls where needed for fire blocks, brick exterior, gypsum board walls and ceilings, and light weight concrete floors. Natural gas fired hot water boilers located in the mechanical room will provide heating for the building. Cooling of the building will utilize the chilled water produced in the central chilled water plant in the Physical Plant and piped to the building. The hot water for heating and the chilled water for cooling will be pumped to air handling units and fan coil units that will distribute conditioned air to all spaces.

The facility is designed to blend into the natural habitat and terrain of the area with site improvements planned to provide access by pedestrians and vehicles into a safe and well-lighted area. A six-acre lake will be constructed in the valley to the east of the building to enhance the beauty of the site and to

* The *Staff Analysis* is a Commission staff work product. Most other portions of this document are extracted from documents authored by the institution, with occasional editing to conform to agenda presentation style.

mitigate storm water run-off pollution during site development and construction of Student Residence Building No. 4 and the residence buildings planned for the future. Every effort will be made to preserve the natural beauty of the site with only selective removal of the woodlands for construction of the residence facilities or lake. Existing Parking Lots D and E, with 553 spaces, will provide primary parking for this development.

Summary Statistics

<u>Project Size:</u>	69,507 GSF 50,739 ASF						
	52 two-bedroom apartment units 12 one-bedroom apartment units 220 usable beds						
	316 GSF/bed 231 ASF/bed						
<u>Project Cost:</u>	\$7,500,000 (non-state funds) \$34,090 per bed \$108/GSF \$148/ASF						
<u>Annual Debt Service:</u>	\$627,898 for 20 yrs at 5.5% (paid through rental income)						
<u>Rental Rates (for 2003-04):</u>	\$2,740 for two semesters for a shared bedroom \$5,080 for two semesters for a private bedroom						
<u>Project Schedule:</u>	<table> <tr> <td>Bid Date</td><td>April 2003</td></tr> <tr> <td>Start Construction</td><td>May 2003</td></tr> <tr> <td>Occupancy</td><td>July 2004</td></tr> </table>	Bid Date	April 2003	Start Construction	May 2003	Occupancy	July 2004
Bid Date	April 2003						
Start Construction	May 2003						
Occupancy	July 2004						

RELATIONSHIP TO OTHER CAPITAL IMPROVEMENT PROJECTS

The University's Ten-Year Capital Improvement Plan for 2003-2005 includes the development of additional student residential housing facilities between 2003-2013. The proposed housing project is closely related to current and future capital improvement projects.

In 1996, the University commissioned the preparation of a Campus Master Plan for the future physical development of the campus. The Master Plan was completed in 1997 and projects the academic and support facilities, infrastructure changes, improvements, additions, resident facilities, roadways, and parking facilities needed during the next twenty years. The proposed student residence facility is the fourth building in the modified style of student housing planned on the south end of the University property. The site planned for this project, including the lake, is consistent with the location shown on the Master Plan.

The construction of the proposed student housing facility has a direct relationship to other projects recently constructed and projects in the planning stage. The expansion of the University Center in 1996 included additional student activities space needed to meet the needs of an increasingly residential student body. More recently, expansion and improvement to the food service facilities in the University Center

have been made to provide additional food service capabilities. Residents of the proposed housing project will utilize the food service capabilities of the University Center to meet their dining needs.

The Liberal Arts Center, located west of the University Center, opened in fall 1999. The Liberal Arts Center provides classrooms and laboratories for a majority of the liberal arts and humanities classes required of first-year students. Students living in the student residence halls are within a three to four minute walk of the new Liberal Arts Center and the David L. Rice Library. The Fitness Center, which opened in the spring of 2001, provides space for physical fitness and recreational sports and also is within a three to four minute walk of the student residence halls.

The proposed student housing project is closely tied to projects recently completed, currently under construction, or in the planning phase. The proposed site for the project is considered the ideal location for the development of future housing. It is centrally located in the core of campus with easy access to academic and student services facilities. As the University continues to develop the new student housing area, additional amenities are planned which will add to the quality of life of the students living in the housing facilities.

RELATIONSHIP TO MISSION AND LONG-RANGE PLANNING

In 1989 the University of Southern Indiana was authorized by the General Assembly in P.L. 211, Sec. 1, IC 20-12-8-1, to plan, construct, and finance student residence facilities. Prior to the authorization, Southern Indiana Higher Education, Inc. financed the construction of student housing.

Over the last ten years, the number of students who can be housed on-campus has more than doubled, from 1,269 in 1992-93 to 2,727 in 2002-03. More than one-third of all full-time students now live on campus (2,552 of 7,146). The ongoing development of student housing has enabled residential students to take full advantage of the educational, cultural, and recreational benefits offered through the campus. Also, the residential experience has significantly expanded the student's learning experience. Sources used in the development of the University's *Ten-Year Housing Plan for 1996-2005* revealed that for students living on campus there is a statistically significant positive influence on persistence and completion of the bachelors degree. The residential experience has enhanced the overall academic experience of the students, which has in turn fueled the demand for additional student housing.

The University's *Ten-Year Housing Plan for 1996-2005* is currently under review by a campus task force of Student Affairs and Business Affairs experts. An updated plan will be published in the first half of 2003. When complete, copies of the plan will be shared with staff of the Commission for Higher Education, State Budget Agency, and the General Assembly.

The University of Southern Indiana is committed to increasing the postsecondary educational participation rate of young people and adults. The impact of the University has been significant. Over the last ten years, enrollment at the University of Southern Indiana has increased 30 percent, from 7,430 (Fall 1992) to 9,675 (Fall 2002). Over the same ten-year period, full-time enrollment increased 69 percent, from 4,223 to 7,146. University projections indicate that enrollment may reach 10,000 students by Fall 2003, and will nearly certainly do so by Fall 2004.

While USI enrolls students from all ninety-two Indiana counties, the University places most emphasis on meeting the needs of southwestern Indiana. In 1985, only about 33 percent of southwestern Indiana high school graduates pursued higher education. That figure has now risen to 74 percent and exceeds the United States average. While a number of factors contributed to this dramatic improvement, including K-12 initiatives and the development of Indiana's new community college system, USI's ongoing efforts have had a significant impact.

Until 1999, all USI student housing had been in apartment buildings. In that year, however, the first suite-style student residence hall (Newman Hall) opened with 180 spaces. A second, nearly identical residence hall (Governor's Hall) opened one year later in 2000. A third residence hall, O'Bannon Hall, opened in 2001. While O'Bannon Hall was very similar to Newman Hall and Governor's Hall, O'Bannon Hall was the first to include a lower level. Constructed into the side of a hill, O'Bannon Hall included 40 more beds than had been possible in Newman Hall or Governor's Hall. Like O'Bannon Hall, Residence Hall #4 will include a lower level.

USI takes a very conservative approach to the construction of new student housing, and does not build additional facilities until the need has been clearly demonstrated. Said differently, beds are added not in anticipation of possible future growth, but rather in recognition of a clear need. The current (Fall 2002) occupancy rate is 94 percent. The occupancy rate will approach 100 percent in Fall 2003, based on available 2003-04 admissions data. Completion of Residence Hall #4 in July 2004 will deliver 220 usable beds "just in time" to avoid turning students away in Fall 2004.

In 1998, the University worked with the Commission for Higher Education to develop a formula approach to be used to determine the need for additional student housing at the University of Southern Indiana. The formula provides that the number of total on-campus beds not exceed 55 beds per 100 annual full-time equivalent students from the University's primary service area. Based on the University's enrollment and housing statistics, the addition in Fall 2004 of 220 usable beds is within the parameters of the formula. Construction of Residence Hall #4 will result in a total of 54.4 beds per 100 FTE from the University's primary service area.

Consistent with the goals established by the Commission for Higher Education, student retention and success are important goals for the University of Southern Indiana. The suite-style of student housing provides many of the support services key to a student's academic and social needs. The facility is functional, attractive, promotes a sense of community, is liveable, and provides a positive living and learning environment.

The construction of Residence Hall #4 is consistent with the University's long-range plans. It was included in the Ten Year Capital Plan submitted to the State in June 1998 and again in June 2000. It was specifically included on Schedule A (Summary of Capital Improvement Budget Request for 2003-05) in the University's 2003-05 Capital Budget Request submitted in June 2002.

NEED AND EXPECTED CONTRIBUTION TO EDUCATIONAL SERVICES

The success of students at the University of Southern Indiana is a critical educational objective of the institution. The University provides students with a residential experience that promotes a positive living/learning environment. Important in the development of the University's *Ten-Year Housing Plan* was research that supported the success of students in attaining their degree goals if they reside on campus.

The University's commitment to increasing the participation and retention rates of students in postsecondary education is consistent with the goals established by the Commission for Higher Education and an important part of the initiatives included in the University's Lilly Grant. The availability of housing to students facilitates the opportunity to retain currently enrolled students. A student's development and education are influenced as deeply by the living environment as by the classroom experience. Resident life programs, a variety of activities, athletic events, and enrichment programs have been developed to provide a living and learning environment that complements the University's

educational process. These programs and others will be expanded with the development of the proposed housing project.

ALTERNATIVES CONSIDERED

The design and location of the new suite-style student residence hall has been well received by students and provides an attractive alternative to USI's traditional apartment style of housing.

Many freshmen students prefer the residence hall life style and the programming opportunities that the residence halls permit. Then, as sophomores, they move to the more traditional apartments. More freshmen apply to the three residence halls than can be housed. Construction of Residence Hall #4 will help meet the demand.

Over the next ten years, additional student housing will be a mixture of traditional apartments and residence halls. Details will be provided in an updated version of the University's Ten-Year Housing Plan, to be completed in the first half of 2003.

The new suite-style of student housing has been successful and is considered the best option at the present time for the proposed housing project.

STAFF ANALYSIS

1. Student Housing Residence Building Four will, in terms of design, construction materials, interior layout, and capacity, be essentially the same as the last three residence buildings reviewed by the Commission (two in March 1998 and one in December 1999).
2. Housing rates for students in the new facility will be the same as the rates paid by students in the three existing residence halls. Within the residence halls, housing charges are determined by how many persons share a bedroom, not by residence hall or the number of bedrooms in a unit. Rates in two-bedroom units in the residence halls are identical to rates in two-bedroom units in on-campus apartments, but rates in one-bedroom units in the residence halls are somewhat less than rates for one-bedroom units in on-campus apartments. Note that housing rates do not include meal plans.

Per Student	Proposed 2003-04 Housing Rates, Two Semesters		
	On-Campus Residence Hall	On-Campus Apartments	Golden Tower Apartments
Two Bedroom Unit			
4 persons	\$2,740	\$2,740	\$2,740
3 persons	n.a.	n.a.	\$3,520
2 persons (private bedroom)	\$5,080	\$5,080	\$5,080
Family	n.a.	n.a.	\$7,480
One Bedroom Unit			
2 persons	\$2,740	\$3,360	\$3,360
1 person (private bedroom)	\$5,080	\$6,440	\$6,440
Family	n.a.	n.a.	\$6,440

3. In its two most recent reviews of USI residence hall construction projects, the Commission has held to a policy of approving new projects only when the ratio of available beds to annual full-time equivalent students from USI's eleven-county primary service area does not exceed 55:100. The

University has provided the following projections incorporating historic growth rates from the eleven-county region and the number of beds that will be available for the 2004-05 academic year with the completion of the requested project.

USI Primary Service Area Calculations						
		<u>FTE Enrollment</u>	<u>Usable Beds</u>			Beds per
		<u>11 County*</u>	<u>Existing</u>	<u>Added</u>	<u>Total</u>	FTE from
						<u>11 Counties</u>
Actual	1994-95	4,002	1,458	0	1,458	36.4
Actual	1995-96	4,180	1,458	64	1,522	36.4
Actual	1996-97	4,226	1,522	192	1,714	40.6
Actual	1997-98	4,490	1,714	256	1,970	43.9
Actual	1998-99	4,550	1,970	192	2,162	47.5
Actual	1999-00	4,680	2,162	181	2,343	50.1
Actual	2000-01	4,802	2,343	183	2,526	52.6
Actual	2001-02	4,960	2,526	220	2,746	55.4
Projected	2002-03	5,109	2,727 #	0	2,727	53.4
Projected	2003-04	5,262	2,727	0	2,727	51.8
Projected	2004-05	5,420	2,727	220	2,947	54.4
Projected	2005-06	5,583	2,947	0	2,947	52.8
Projected	2006-07	5,750	2,947	0	2,947	51.3

* The eleven counties are those from the former "Region 13" (Davies, Dubois, Gibson, Knox, Martin, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick).

Adjusted per occupancy report.

- In its December 1999 review of the O'Bannon Hall residence project, Commission staff raised the possibility of including the four Kentucky counties included in Indiana's reciprocity program at USI and Orange and Lawrence counties, both of which have below-average college participation rates, in the calculation of beds per 100 annual FTE. The Commission took no action on that suggestion, but the desirability of such a change is worth examining again. When the six additional counties are added, the ratio of beds to annual FTE drops below 50:100. In the spring of 2003, approximately 64 students from three of the four Kentucky reciprocity counties resided in campus housing.

USI Primary Service Area Calculations						
		<u>FTE Enrollment</u>	<u>Usable Beds</u>			Beds per
		<u>17 County*</u>	<u>Existing</u>	<u>Added</u>	<u>Total</u>	FTE from
						<u>17 Counties</u>
Actual	1998-99	4,955	1,970	192	2,162	43.6
Actual	1999-00	5,121	2,162	181	2,343	45.8
Actual	2000-01	5,259	2,343	183	2,526	48.0
Actual	2001-02	5,407	2,526	220	2,746	50.8
Forecast	2002-03	5,569	2,727 #	0	2,727	49.0
Forecast	2003-04	5,736	2,727	0	2,727	47.5
Forecast	2004-05	5,908	2,727	220	2,947	49.9
Forecast	2005-06	6,086	2,947	0	2,947	48.4
Forecast	2006-07	6,268	2,947	0	2,947	47.0

* The 17 counties are those from the former "Region 13" (Davies, Dubois, Gibson, Knox, Martin, Perry, Pike, Posey, Spencer, Vanderburgh, and Warrick), the two adjacent counties (Lawrence and Orange); and the four adjacent Kentucky reciprocity counties (Davies, Hancock, Henderson, and Union).

Adjusted per occupancy report.